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23 January 1948

## MEMORANDUM FOR THE RECORD:

The undersigned attended a meeting at the White House on 22 January. Meeting was called by Mr. Donald Dawson for the purpose of formulating the proper implementation of the Loyalty Program as it concerned U. S. employees abroad.

Representatives were present from Bureau of the Budget, Civil Service Commission, FBI, Secretary of National Defense, and the Departments of Army, Navy, Air Force, and Justice.

The problem was discussed in two phases, i.e., Occupied Areas and other foreign areas. Early in the discussion, the Chairman stated that there had been two basic proposals made as follows:

- a. CIA to perform the duties assigned to the FBI for employees in the U. S. for all Government employees abroad,
- b. or CIA to perform the duties assigned to the FBI for employees in the U. S. for all Government employees abroad other than those in the Departments of the Army, Navy, and Air Force.

The undersigned carefully explained that such a proposal was not in accord with the primary mission assigned the CIA by the Congress, that secondly it was inferentially prohibited by the National Security Act, and that thirdly it would be impossible to implement without breaking the security of CIA personnel abroad. In this discussion, my statements were fully supported by Mr. Ladd of FBI, Mr. Penrose of Defense, and Mr. Fleming of Civil Service.

For Occupied Areas, it was decided that the function of FBI should be performed by the military services under direction of the Theatre Commander.

In other than occupied areas, it was decided that FBI would refer the investigation in the foreign area to the appropriate military department in the case of employees of Army, Navy, and Air Force.

In the discussion concerning investigation of employees of other agencies, there was a tendency to confuse purely personnel loyalty investigation with counter-espionage. The undersigned tried to tactfully point out that any discussion of counter-espionage was beyond the scope or the purpose of this meeting. Again, I was fully supported by FBI, Defense, and the Civil Service Commission. Mr. Dawson raised

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the point as to whether the fact that CIA could not perform these investigations would change in any way the existing agreement that FBI would not operate in foreign countries. I again interposed that this agreement would not be changed nor effected in any way. In reply I made the concrete proposal before the meeting that the cases of all U. S. employees in agencies other than Defense should be referred by the FBI to the Department of State for action by the Ambassador as he deemed appropriate. I explained the functions of the State Department Security Officers in the embassies and stated that this would be the official who would act for the Ambassador in these cases. I stated that of course there would be a certain amount of informal cooperation between the Ambassador and our representatives in the area but that nothing could be formalized in this respect.

This proposal to refer these cases to the State Department for action by the Ambassador was accepted unanimously by the meeting.

At the conclusion of the meeting of the whole, Mr. Dawson kept myself and representatives from Justice, FBI, Defense and the Civil Service to discuss the drafting of an agreement on the meeting.

It was decided that the Justice Department would prepare a draft which would then be submitted for final approval to the above representatives (including CIA).

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SHEFFIELD EDWARDS

Colonel, CSC

Executive for Inspection and Security

cc: Director  
Executive for A&M  
Asst. Director, SO  
General Counsel

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